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Village of Albany, Louisiana Annual Financial Report

As of and for the Year Ended June 30, 2003

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Release Date 1-28-04

Village of Albany, Louisiana
Annual Financial Report
As of and for the Year Ended June 30, 2003
With Supplemental Information Schedules

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Village of Albany, Louisiana
Annual Financial Report
As of and for the Year Ended June 30, 2003
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Thomas Stewart
and Members of the Board of Aldermen
Village of Albany, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Albany, Louisiana, as of and for the year ended June 30, 2003, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Albany, Louisiana's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Albany, Louisiana as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 26, 2003, on our consideration of the Village of Albany, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

The Honorable Mayor, Thomas Stewart
and Members of the Board of Aldermen
Village of Albany, Louisiana

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The management's discussion and analysis, budgetary comparison information, and other supplemental schedules on pages 7 through 15, 49 through 52, and 55 through 69 of this report are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Village of Albany, Louisiana's basic financial statements. The supplemental information schedules listed in the table of contents as Schedules 1 through Schedule 13 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

September 26, 2003

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Village of Albany, Louisiana

Management's Discussion and Analysis

Introduction

The Village of Albany, Louisiana (the Village) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. This is the second year of presentation under the new GASB 34 format.

The Village's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity (c) identify changes in the Village's financial position (d) identify any significant variations from the Village's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Village's financial statements on pages 17 through 46 of this report.

Village Highlights

- At June 30, 2003, the Village's assets exceeded its liabilities by \$2,456,728 (net assets). Of this amount, \$329,062 (unrestricted net assets) may be used to meet the Village's ongoing obligations to its citizens.
- At fiscal year-end, the total of net assets Invested in Capital, Net of Related Debt (after deducting debt owed on capital assets) increased to \$1,801,582.
- For business-type activities (consisting of the Village's Utility Fund) the Village's debt due to revenue bonds decreased by \$29,321. Capital Lease payable increased to \$8,775.
- The most significant continuing revenue sources for governmental activities of the Village consisted of \$128,039 in sales tax revenues, \$30,305 in public utility franchise taxes, \$61,598 for business licenses and permits, \$8,257 for police fines, and \$20,787 in Ad Valorem taxes. Charges for business-type activities of the utility fund were \$299,026 in water charges and \$87,923 in sewer charges.

Overview of the Financial Statements

The financial statement focus is on both the Village as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Village's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Village's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Village of Albany, Louisiana

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government. *If the Village determines that presentation of a component unit (which are other governmental units for which the Village can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote.* For the current fiscal year, the Village of Albany has no component units.

The Statement of Net Assets presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Village's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Village's activities are divided into two types:

Governmental activities - Most of the Village's basic services are reported here, including general government, public safety, highways and streets. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.

Business-type activities - The Village charges a fee to customers to help it cover all of the cost of the services provided. The Village's water and sewer utility systems are reported in this section.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The government-wide financial statements can be found on pages 17 through 19.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for *specific activities or objectives*. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village of Albany uses two categories of funds to account for financial transactions: governmental funds and proprietary funds.

Village of Albany, Louisiana

Management's Discussion and Analysis

Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

The Proprietary fund accounts for water and sewer services provided by the Village of Albany to its customers. Proprietary funds statements provided the same type of information as the government-wide statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 24 to 29 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 21 and 23 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 46 of this report.

Village of Albany, Louisiana

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Village's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 17 of this report.

Condensed Statement of Net Assets June 30, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and Other Assets	\$ 182,410	\$ 164,201	\$ 594,415	\$ 616,675	\$ 776,825	\$ 780,876
Capital Assets	220,945	173,175	2,876,374	2,953,736	3,097,319	3,126,911
Total Assets	<u>403,355</u>	<u>337,376</u>	<u>3,470,789</u>	<u>3,570,411</u>	<u>3,874,144</u>	<u>3,907,787</u>
Liabilities						
Long-Term Debt	-	-	1,286,962	1,287,723	1,286,962	1,287,723
Other Liabilities	14,512	9,660	115,942	163,727	130,454	173,387
Total Liabilities	<u>14,512</u>	<u>9,660</u>	<u>1,402,904</u>	<u>1,451,450</u>	<u>1,417,416</u>	<u>1,461,110</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	220,945	173,175	1,580,637	1,584,809	1,801,582	1,757,984
Restricted	-	-	326,084	305,218	326,084	305,218
Unrestricted	167,898	154,541	161,164	228,934	329,062	383,475
Total Net Assets	<u>\$ 388,843</u>	<u>\$ 327,716</u>	<u>\$ 2,067,885</u>	<u>\$ 2,118,961</u>	<u>\$ 2,456,728</u>	<u>\$ 2,446,677</u>

Approximately 74% of the Village's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 13% of the Village's net assets represents resources that are subject to external restriction on how they may be used. The Village's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 13% of the Village's net assets are unrestricted and may be used to meet the Village's ongoing obligations to its citizens.

At the end of the current fiscal year, the Village was able to report positive balances in all three categories of net assets, for the government as a whole, as well as for separate governmental and business-type activities.

The Village's activities increased its total net assets by \$10,051. Governmental activities increased by \$61,127. This increase is due primarily to 2002 LCDBG Grant revenue of \$62,660. Business type activities decreased by \$51,076.

Village of Albany, Louisiana

Management's Discussion and Analysis

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Village's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 18 and 19 of this report.

Condensed Statement of Changes in Net Assets For the Years Ended June 30, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for Services	\$ 69,855	\$ 69,573	\$ 386,949	\$ 341,263	\$ 456,804	\$ 410,836
Operating Grants and Contributions	20,826	11,921	-	-	20,826	11,921
Capital Grants and Contributions	62,660	-	-	-	62,660	-
General Revenues:						
Property Taxes	20,787	20,652	-	-	20,787	20,652
Franchise Taxes	30,305	26,162	-	-	30,305	26,162
Sales Taxes	128,039	113,868	-	-	128,039	113,868
Alcoholic Beverage Taxes	1,671	1,397	-	-	1,671	1,397
Interest Income	1,677	3,075	6,090	12,507	7,767	15,582
Other Revenues	1,536	6,701	-	-	1,536	6,701
Gain on Sale of Fixed Assets	-	1,200	-	2,400	-	3,600
Total Revenues	337,356	254,549	393,039	356,170	730,395	610,719
Expenses:						
General & Administrative	138,015	133,573	-	-	138,015	133,573
Police Protection	104,898	109,468	-	-	104,898	109,468
Street Department	23,316	29,206	-	-	23,316	29,206
Engineering - Phase II Sidewalk Project	-	11,016	-	-	-	11,016
Water and Sewer Utility	-	-	454,115	416,412	454,115	416,412
Total Expenses	266,229	283,263	454,115	416,412	720,344	699,675
Change in Net Assets Before Transfers	71,127	(28,714)	(61,076)	(60,242)	10,051	(88,956)
Transfers	(10,000)	-	10,000	-	-	-
Change in Net Assets	61,127	(28,714)	(51,076)	(60,242)	10,051	(88,956)
Net Assets, Beginning	327,716	356,430	2,118,961	2,179,203	2,446,677	2,535,633
Net Assets, Ending	\$ 388,843	\$ 327,716	\$ 2,067,885	\$ 2,118,961	\$ 2,456,728	\$ 2,446,677

Governmental Activities

The increase in the Village's total revenues of \$82,807 is due primarily to an increase in operating grants of \$8,905 and 2002 LCDBG capital grant revenue of \$62,660.

Police fines decreased by \$9,241, but were offset by an increase in licenses and permits of \$9,523. The net effect was an increase of \$282 in charges for services.

The decrease in expenses of \$17,034 is due primarily to a decrease in the sidewalk project expense of \$11,016 and a decrease in street department expenses of \$5,890.

Village of Albany, Louisiana

Management's Discussion and Analysis

Business-Type Activities

The increase of \$36,869 in the Village's revenues is due primarily to an increase in sewer rates of \$6 per customer and an increase in water rates for customers outside the city limits of \$2 per customer. This increase took effect in February 2003.

The increase in the Village's expenses of \$37,703, consist primarily of an increase in salary expense of \$11,448 an increase in contract services of \$7,694, an increase in depreciation expense of \$4,990, an increase in professional services of \$5,129 and an increase in utilities - electricity of \$7,338.

See pages 18 to 19 for a more detailed Statement of Activities for the Village of Albany.

Fund Financial Analysis

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

The general fund is the chief operating fund of the Village. At the end of the current year, the total unreserved fund balance for the general fund was \$167,898. Of this amount, \$22,000 was designated for the future construction of a community center. This represents an increase of \$13,357 or 9% of the prior year's ending balance. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance and total general fund expenditures. The unreserved fund balance represents 67% of total general fund expenditures.

The only other major fund, the capital project fund, reported no change in fund balance as compared to the prior year, with beginning and ending fund balances of zero.

Proprietary Fund

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The Village of Albany demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. Actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded final budgeted amounts by \$19,470. Actual expenditures and other uses were \$7,361 less than final budgeted amounts. Actual excess revenues and other uses were \$26,831 more than final budget amounts.

Village of Albany, Louisiana

Management's Discussion and Analysis

For the general fund, original budgeted revenues and other sources were \$267,700 and final budgeted revenues and other sources were \$255,226. Original budgeted expenditures and other uses were \$292,100 and final budgeted expenditures and other uses were \$268,700.

The only significant variations from the original budgeted revenues and expenditures for the General Fund were as follows:

- Summer Youth Salaries were decreased by \$9,300.
- Election Expense was decreased by \$2,900.
- Capital Outlay expenses for General and Administrative, Police Department and Street Department were decreased by \$2,000, \$3,100 and \$8,900.
- Other Street Expense was decreased by \$7,100.

Capital Assets and Debt Administration

Capital Assets

The Village of Albany elected early implementation of GASB 34 in the fiscal year ending June 30, 2002. However, as a Phase III government (a government with annual revenues of less than 10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statement. Beginning with the fiscal year ended June 30, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$3,097,319 (net of depreciation). The total decrease in the Village's investment in capital assets for the current fiscal year was \$29,592 (net of depreciation).

Major capital asset events during the current year included the completion of the water system improvement on Courtney Lane and Blount Road and preliminary engineering fees regarding the 2002 Louisiana Community Development Block Grant recorded as construction in progress.

Village of Albany, Louisiana

Management's Discussion and Analysis

The following table provides a summary of the Village's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on pages 40 and 41 of this report.

Capital Assets (Net of Depreciation) June 30, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 41,000	\$ 41,000	\$ 50,429	\$ 50,429	\$ 91,429	\$ 91,429
Construction in Progress	62,660	-	-	78,011	62,660	78,011
Buildings & Building Improv.	20,687	20,687	34,730	34,730	55,417	55,417
Office Furniture and Equip.	6,259	6,259	42,551	42,551	48,810	48,810
Machinery and Equipment	79,421	77,558	54,389	54,389	133,810	131,947
Vehicles	54,600	54,600	22,274	22,274	76,874	76,874
Sidewalks	73,100	73,100	-	-	73,100	73,100
Utility Plant, in Service	-	-	4,155,792	4,035,541	4,155,792	4,035,541
Subtotal	337,727	273,204	4,360,165	4,317,925	4,697,892	4,591,129
Accumulated Depreciation	116,782	100,029	1,483,791	1,364,189	1,600,573	1,464,218
Net Capital Assets	<u>\$ 220,945</u>	<u>\$ 173,175</u>	<u>\$ 2,876,374</u>	<u>\$ 2,953,736</u>	<u>\$ 3,097,319</u>	<u>\$ 3,126,911</u>

Long-Term Debt

At June 30, 2003, the Village had total debt outstanding of \$1,295,737. Of this total, \$39,205 is due within one year and \$1,256,532 is due within greater than one year. The following table provides a summary of the Village's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 13 to the financial statements on pages 43 and 44 of this report.

Outstanding Debt June 30, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Capital Leases	\$ -	\$ -	\$ 8,775	\$ -	\$ 8,775	\$ -
Revenue Bonds	-	-	1,286,962	1,316,283	1,286,962	1,316,283
Total Outstanding Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,295,737</u>	<u>\$ 1,316,283</u>	<u>\$ 1,295,737</u>	<u>\$ 1,316,283</u>

Economic Factors

The Village of Albany's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when necessary. Within "Governmental Activities", primarily the Village's General Fund, the Village has not incurred long-term debt, and the Village maintains a positive balance of \$167,898 in Unrestricted Net Assets. For the fiscal year ending June 30, 2003, there was an "Excess of Revenues Over Expenditures and Other Uses" in the amount of \$13,357, as compared to a "Deficiency of Revenues Over Expenditures and Other Uses" of \$39,162 for the fiscal year ending June 30, 2002.

Village of Albany, Louisiana

Management's Discussion and Analysis

For "Business-Type Activities" (Water and Sewer Funds), the Village of Albany also maintains a positive balance of \$161,164 in Unrestricted Net Assets, although this does represent a decrease of \$67,770 from the prior fiscal year. This decrease in Unrestricted Net Assets is due primarily to losses incurred by operation of the Village's sewer utilities. Whereas water utilities have generated profit (\$50,100 for the fiscal year 2003, and \$33,314 for fiscal year 2002), operation of the sewer system has been at a loss because of system expansion and mandated improvements. For the fiscal year ending June 30, 2003, the sewer system incurred a net loss of \$101,176, and a net loss of \$93,556 for year 2002. Of the total loss of \$101,176 for the fiscal year ending June 30, 2003, a total of \$82,592 involves depreciation expense, which does not represent a direct outflow of cash. However, depreciation expense does represent an estimate of funds that should be placed in reserve for future replacement of capital assets.

Due to the continued loss in the Business-Type Activities, the Village of Albany was forced to raise residential sewer rates by \$6 per customer and water rates for customers outside the city limits by \$2 per customer.

Requests for Information

This financial report is designed to provide a general overview of the Village of Albany's finances and to demonstrate the Village's accountability. If you have questions regarding this report or need additional information, contact the Village at Post Office Box 1000, Albany, LA 70711. The phone number for the Village is (225) 567-1101.

Basic Financial Statements

Village of Albany, Louisiana

Statement A

Statement of Net Assets
June 30, 2003

	Governmental Type Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 132,410	\$ 162,727	\$ 295,137
Taxes Receivable	27,234	-	27,234
Accounts Receivable, Net	-	42,968	42,968
Due From Other Funds	20,252	81	20,333
Due From Other Governments	420	-	420
Other	733	-	733
Restricted Cash and Cash Equivalents	1,361	388,639	390,000
Land	41,000	50,429	91,429
Construction in Progress	62,660	-	62,660
Capital Assets, Net	117,285	2,825,945	2,943,230
Total Assets	<u>403,355</u>	<u>3,470,789</u>	<u>3,874,144</u>
Liabilities			
Accounts Payable	5,169	23,016	28,185
Other Accrued Expenses	6,186	721	6,907
Accrued Vacation	1,796	623	2,419
Construction Payable	1,280	-	1,280
Due To Other Funds	81	20,252	20,333
Customer Deposits	-	62,555	62,555
Current Portion of Long-Term Debt:			
Revenue Bonds Payable	-	30,430	30,430
Capital Lease Payable	-	8,775	8,775
Long-Term Debt:			
Revenue Bonds Payable	-	1,256,532	1,256,532
Total Liabilities	<u>14,512</u>	<u>1,402,904</u>	<u>1,417,416</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	220,945	1,580,637	1,801,582
Restricted for Debt Service	-	326,084	326,084
Unrestricted	167,898	161,164	329,062
Total Net Assets	<u>\$ 388,843</u>	<u>\$ 2,067,885</u>	<u>\$ 2,456,728</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General and Administrative	\$ 138,015	\$ 61,598	\$ 10,800	\$ -
Police Protection	104,898	8,257	10,026	-
Street Department	23,316	-	-	-
2002 LCDBG Grant	-	-	-	62,660
Total Governmental Activities	<u>266,229</u>	<u>69,855</u>	<u>20,826</u>	<u>62,660</u>
Business -Type Activities:				
Water	261,971	299,026	-	-
Sewer	192,144	87,923	-	-
Total Business-Type Activities	<u>454,115</u>	<u>386,949</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 720,344</u>	<u>\$ 456,804</u>	<u>\$ 20,826</u>	<u>\$ 62,660</u>

General Revenues:

Taxes:

Property Taxes

Franchise Taxes

Sales Taxes

Alcoholic Beverage Tax

Interest Income

Miscellaneous

Operating Transfers In (Out)

Total General Revenues

Change in Net Assets

Net Assets, Beginning

Net Assets, Ending

The accompanying notes are an integral part of these statements.

Statement B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (65,617)	\$ -	\$ (65,617)
(86,615)	-	(86,615)
(23,316)	-	(23,316)
62,660	-	62,660
<u>(112,888)</u>	<u>-</u>	<u>(112,888)</u>
-	37,055	37,055
-	<u>(104,221)</u>	<u>(104,221)</u>
-	<u>(67,166)</u>	<u>(67,166)</u>
<u>(112,888)</u>	<u>(67,166)</u>	<u>(180,054)</u>
20,787	-	20,787
30,305	-	30,305
128,039	-	128,039
1,671	-	1,671
1,677	6,090	7,767
1,536	-	1,536
<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
<u>174,015</u>	<u>16,090</u>	<u>190,105</u>
61,127	(51,076)	10,051
327,716	2,118,961	2,446,677
<u>\$ 388,843</u>	<u>\$ 2,067,885</u>	<u>\$ 2,456,728</u>

Village of Albany, Louisiana

Statement C

Balance Sheet
Governmental Funds
June 30, 2003

	General Fund	Capital Project Fund	Total
Assets			
Cash & Cash Equivalents	\$ 132,410	\$ 1,361	\$ 133,771
Taxes Receivable:			
Public Utility Franchise Taxes	7,550	-	7,550
Sales and Use Taxes	19,684	-	19,684
Due From Other Funds:			
Enterprise Fund	20,252	-	20,252
Due From Other Governments:			
Louisiana Beer Tax Distribution	420	-	420
Other	733	-	733
Total Assets	<u>181,049</u>	<u>1,361</u>	<u>182,410</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	5,169	-	5,169
Accrued Vacation	1,796	-	1,796
Construction Payable	-	1,280	1,280
Other Accrued Expenses	6,186	-	6,186
Due To Other Funds	-	81	81
Total Liabilities	<u>13,151</u>	<u>1,361</u>	<u>14,512</u>
Fund Balance:			
Unreserved & Undesignated	145,898	-	145,898
Designated	22,000	-	22,000
Total Fund Balance	<u>167,898</u>	<u>-</u>	<u>167,898</u>
Total Liabilities and Fund Balance	<u>\$ 181,049</u>	<u>\$ 1,361</u>	<u>\$ 182,410</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement D

Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Financial Statement of Net Assets

June 30, 2003

Fund Balances, Total Governmental Funds, Statement C	\$ 167,898
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds.

Governmental capital assets net of depreciation	220,945
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Net Assets of Governmental Activities, Statement A	\$ <u>388,843</u>
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The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2003

	General Fund	Capital Project Fund	Total
Revenues			
Taxes	\$ 179,131	\$ -	\$ 179,131
Licenses and Permits	61,598	-	61,598
Intergovernmental	8,871	-	8,871
Fines	8,257	-	8,257
Interest Income	1,677	-	1,677
Miscellaneous	1,536	-	1,536
Police Grants	2,826	-	2,826
Rural Development Grant	10,000	-	10,000
Other Grants	800	-	800
2002 LCDBG Grant Revenue	-	62,660	62,660
Total Revenues	<u>274,696</u>	<u>62,660</u>	<u>337,356</u>
Expenditures			
General and Administrative	137,352	-	137,352
Police Department	94,326	-	94,326
Street Department	19,661	-	19,661
Engineering - 2002 LCDBG Project	-	62,660	62,660
Total Expenditures	<u>251,339</u>	<u>62,660</u>	<u>313,999</u>
Excess Revenues Over Expenditures	<u>23,357</u>	<u>-</u>	<u>23,357</u>
Other Financing Sources (Uses)			
Operating Transfers (Out) In	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balance	13,357	-	13,357
Fund Balances - Beginning	154,541	-	154,541
Fund Balance - Ending	<u>\$ 167,898</u>	<u>\$ -</u>	<u>\$ 167,898</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement F

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2003

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	13,357
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets are depreciated over their
estimated useful lives.

Expenditures for capital assets	\$	64,523	
Less current year depreciation		<u>(16,753)</u>	47,770

Change in Net Assets of Governmental Activities, Statement B	\$	<u>61,127</u>
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The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement G

Statement of Net Assets
Proprietary Fund
June 30, 2003

Assets	Enterprise Fund
Current Assets:	
Cash & Cash Equivalents	\$ 162,727
Accounts Receivable, Net	42,968
Due From Other Funds	81
Total Current Assets	<u>205,776</u>
Restricted Cash and Cash Equivalents:	
Bond and Interest Redemption Fund	58,151
Bond Reserve Fund	151,045
Bond Depreciation and Contingency Fund	99,657
Customer Deposits	79,786
Total Restricted Assets	<u>388,639</u>
Property, Plant, and Equipment	
Land	50,429
Buildings	34,730
Utility Plant, in Service	4,155,791
Vehicles	22,274
Office Equipment	42,551
Machinery and Equipment	54,389
Accumulated Depreciation	<u>(1,483,790)</u>
Net Property, Plant, and Equipment	<u>2,876,374</u>
Total Assets	<u>\$ 3,470,789</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement G

Statement of Net Assets
Proprietary Fund
June 30, 2003

	Enterprise Fund
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 23,016
Accrued Vacation Payable	623
Other Accrued Expenses	721
Due to Other Funds	20,252
Revenue Bonds Payable	30,430
Capital Lease Payable	8,775
Total Current Liabilities (Payable From Current Assets)	<u>83,817</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits Payable	<u>62,555</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>62,555</u>
Long-Term Liabilities:	
Revenue Bonds Payable	<u>1,256,532</u>
Total Long-Term Liabilities	<u>1,256,532</u>
Total Liabilities	<u>1,402,904</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,580,637
Restricted for Debt Service	326,084
Unrestricted	161,164
Total Net Assets	<u>\$ 2,067,885</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement H

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2003

	Enterprise Fund
Operating Revenues	
Water Revenues:	
Water Sales	\$ 272,702
Service Connections	16,922
Penalties	7,890
DHH Fee	1,512
Total Water Revenues	<u>299,026</u>
 Sewer Charges	 83,002
Service Connections	4,921
Total Sewer Revenues	<u>87,923</u>
Total Operating Revenues	<u>386,949</u>
 Operating Expenses	
Salaries	72,273
Advertising	104
Bad Debt Expense	1,892
Computer Expense	126
Contract Services	18,287
Depreciation	119,601
Education/Certification	432
Insurance	17,448
Janitorial Services	5,911
Maintenance Materials	21,677
Maintenance - Water Tank	10,427
Meter Reading	5,569
Miscellaneous	248
Office Supplies and Expense	8,696
Payroll Taxes	5,117
Per diem	3,200
Postage	4,349
Professional Services	20,122
Repairs & Maintenance	18,850
Retirement	706
Truck Expense	5,994
Uniform Rental	1,625

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement H

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2003

	Enterprise Fund
Utilities- Telephone	\$ 8,064
Utilities- Gas	1,043
Utilities- Electricity	32,108
Total Operating Expenses	<u>383,869</u>
Operating Income (Loss)	<u>1,077</u>
Nonoperating Revenues (Expenses)	
Interest Income	6,090
Bond Interest Expense	(70,246)
Operating Transfer In	10,000
Total Nonoperating Revenues (Expenses)	<u>(54,156)</u>
Change in Net Assets	(53,079)
Net Assets, Beginning	<u>2,118,961</u>
Net Assets, Ending	<u>\$ 2,065,882</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2003

Statement I

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 380,450
Received for Meter Deposit Fees	5,665
Receipts (Payments) for Interfund Services	7,305
Payments for Operations	(225,888)
Payments to Employees	(79,431)
Net Cash Provided (Used) by Operating Activities	<u>88,101</u>
Cash Flows From Noncapital Financing Activities	
Transfers From (To) Other Funds	<u>10,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,000</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds From Capital Lease	16,200
Paid for Capital Acquisitions	(42,239)
Principal Repayments, Revenue Bonds Payable	(29,321)
Principal Repayments, Capital Lease Payable	(7,425)
Interest Payments - Revenue Bonds Payable	(70,246)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(133,031)</u>
Cash Flows From Investing Activities	
Receipt of Interest	<u>6,090</u>
Net Cash Provided (Used) by Investing Activities	<u>6,090</u>
Net Increase (Decrease) in Cash	(28,840)
Cash, Beginning of Year	<u>580,206</u>
Cash, End of Year	<u><u>\$ 551,366</u></u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Statement I

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2003

	Enterprise Fund
Reconciliation of Net Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 3,080
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	119,601
Change in Accounts Receivable	(6,499)
Change in Accounts Payable	12,928
Change in Accrued Expenses	(1,335)
Change in Due to Other Funds	7,405
Change in Due From Other Funds	(100)
Change in Construction Payable	(52,644)
Change in Customer Deposits	5,665
Net Cash Provided (Used) by Operating Activities	\$ <u>88,101</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

Introduction

The Village of Albany, Louisiana was incorporated October 7, 1953, under the provisions of the Lawrason Act (LSA-RS 33:321). The Village operates under a Mayor/Board of Aldermen form of government. The Mayor and each of three aldermen are elected at large for a term of four years. The Village of Albany is located approximately 30 miles east of Baton Rouge, Louisiana, on LA Highway 43 (Montpelier Avenue) north of Interstate 12, with U.S. Highway 190 intersecting the northern part of the Village. The total population of the Village of Albany, Louisiana is 865, as reported by the U.S. Census Bureau, Census 2000. The Village provides police protection services, services to maintain or develop streets, drainage, sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services include water and sewer and are provided to a total of 1,237 water customers and 318 sewer customers. The Village employs 6 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village of Albany is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no other component units which the Village of Albany has an oversight relationship.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The *Capital Project Fund* accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

The Village reports the following major proprietary funds:

Enterprise Fund - accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool and mutual funds consisting solely of government backed securities.

Investments for the Village are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Village of Albany, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended June 30, 2003

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Corporate Purposes	6.65	6.65	None

Sales Taxes are levied at one percent. The proceeds of this sales and use tax are dedicated to general corporate purposes.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable debt covenants.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The Village elected early implementation of GASB 34 in the fiscal year ending June 30, 2002. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended June 30, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend their lives are not capitalized.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings	20 - 40 Years
Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Water Utility System	20 - 40 Years
Sewer Utility System	20 - 40 Years

H. Compensated Absences

The Village has the following policy relating to vacation and sick leave:

Each employee with one (1) year service is given five (5) days vacation leave; each employee with five (5) years service is given ten (10) days vacation leave; each employee with ten (10) years service is given fifteen (15) days vacation leave; each employee with fifteen (15) years service will be given twenty (20) days vacation leave; each employee with twenty (20) years service will be given twenty-five (25) days vacation leave; employees with twenty-five (25) years service will be given the maximum thirty (30) days vacation leave. The Village employees are required to take all accrued vacation before December 31, of each year except employees with ten or more years of service may be paid up to a maximum of ten days of accrued vacation leave.

Each employee earns sick leave at the rate of 5/12 day for each month worked. Sick leave is accumulated for an indefinite period with a maximum sick leave of twenty-five (25) days.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

2. Stewardship, Compliance and Accountability

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general, capital projects, and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

3. Cash and Cash Equivalents

At June 30, 2003, the Village has cash and cash equivalents (book balances) totaling \$685,137 as follows:

Cash on Hand	\$ 25
Interest-Bearing Demand Deposit	493,820
Louisiana Assets Management Pool	177,471
Time Deposits	<u>13,821</u>
	<u>\$ 685,137</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

At June 30, 2003, the Village has \$514,657 in deposits (collected bank balances). These deposits are secured from risk by \$113,821 of federal deposit insurance and \$400,836 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

Investments are categorized into these three categories of credit risk:

1) Insured or registered, or securities held by the Village or its agent in the Village's name, 2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name, or 3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

All investments held by the Village fall into category I credit risk, defined as "insured or registered, or securities held by the Village of Albany or its agent in the Village of Albany's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Investments held by the Village of Albany at June 30, 2003, are as follows:

	<u>Fair Value</u>	<u>Total Carrying Amount</u>
Louisiana Asset Management Pool (LAMP)	\$ 177,471	\$ 177,471

In accordance with GASB Codification Section I50.165, the investment in LAMP at June 30, 2003, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. At June 30, 2003, all investments held by the Village are classified as cash equivalents.

**Village of Albany, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended June 30, 2003

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The General Fund receivables at June 30, 2003 consist of the following:

Taxes:

Public Utility Franchise	\$ 7,550
Sales and Use	19,684

Intergovernmental:

Louisiana Beer Tax Distribution	420
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Other

	733
	\$ 28,387

The Enterprise Fund accounts receivable at June 30, 2003 consist of the following:

Current	\$ 6,212
31 - 60 Days	2,961
61 - 90 Days	750
Over 90 Days	644
Subtotal	10,567
Less Allowance for Bad Debt	2,500
Accounts Receivables, Net	8,067
Accrued Billings	34,901
	\$ 42,968

6. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on June 30, 2003:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 20,252	\$ -
Capital Projects Fund	-	81
Enterprise Fund	81	20,252
	\$ 20,333	\$ 20,333

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2003 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Depreciated:				
Land	\$ 41,000	\$ -	\$ -	\$ 41,000
Construction in Progress	<u>-</u>	<u>62,660</u>	<u>-</u>	<u>62,660</u>
Total Capital Assets Not Being Depreciated	<u>41,000</u>	<u>62,660</u>	<u>-</u>	<u>103,660</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	20,687	-	-	20,687
Office Furniture & Equipment	6,259	-	-	6,259
Machinery and Equipment	77,558	1,863	-	79,421
Vehicles	54,600	-	-	54,600
Sidewalks	<u>73,100</u>	<u>-</u>	<u>-</u>	<u>73,100</u>
Total Capital Assets Being Depreciated	<u>232,204</u>	<u>1,863</u>	<u>-</u>	<u>234,067</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	2,759	517	-	3,276
Office Furniture & Equipment	5,835	145	-	5,980
Machinery and Equipment	56,246	4,086	-	60,332
Vehicles	31,534	8,350	-	39,884
Sidewalks	<u>3,655</u>	<u>3,655</u>	<u>-</u>	<u>7,310</u>
Total Accumulated Depreciation	<u>100,029</u>	<u>16,753</u>	<u>-</u>	<u>116,782</u>
Capital Assets Being Depreciated, Net	<u>132,175</u>	<u>(14,890)</u>	<u>-</u>	<u>117,285</u>
Governmental Activities Capital, Net	<u>\$ 173,175</u>	<u>\$ 47,770</u>	<u>\$ -</u>	<u>\$ 220,945</u>

Depreciation was charged to governmental functions as follows:

General & Administration	\$ 663
Police Protection	12,435
Street Department	<u>3,655</u>
	<u>\$ 16,753</u>

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

Capital assets and depreciation activity as of and for the year ended June 30, 2003 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Depreciated:				
Land	\$ 50,429	\$ -	\$ -	\$ 50,429
Construction in Progress	78,011	5,849	83,860	-
Total Capital Assets Not Depreciated	<u>128,440</u>	<u>5,849</u>	<u>83,860</u>	<u>50,429</u>
Capital Assets Being Depreciated:				
Buildings	34,730	-	-	34,730
Office Furniture and Equipment	42,551	-	-	42,551
Machinery and Equipment	54,389	-	-	54,389
Vehicles	22,274	-	-	22,274
Utility Plant, in Service	4,035,541	120,249	-	4,155,790
Total Capital Assets Being Depreciated	<u>4,189,485</u>	<u>120,249</u>	<u>-</u>	<u>4,309,734</u>
Less Accumulated Depreciation for:				
Buildings	19,512	1,710	-	21,222
Office Furniture and Equipment	26,164	4,430	-	30,594
Machinery and Equipment	54,389	-	-	54,389
Vehicles	6,974	3,600	-	10,574
Utility Plant, in Service	1,257,149	109,861	-	1,367,010
Total Accumulated Depreciation	<u>1,364,188</u>	<u>119,601</u>	<u>-</u>	<u>1,483,789</u>
Capital Assets Being Depreciated, Net	<u>2,825,297</u>	<u>648</u>	<u>-</u>	<u>2,825,945</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,953,737</u>	<u>\$ 6,497</u>	<u>\$ 83,860</u>	<u>\$ 2,876,374</u>

8. Construction in Progress

The Village of Albany was awarded a Louisiana Community Development Block Grant in the amount of \$748,136 for water system improvements. The project involves the construction of a municipal water well and waterlines to increase the capacity of water pressure to the entire Albany Water Distribution System. At June 30, 2003, the construction in progress was \$62,660.

9. Pension Plans

The Village of Albany, Louisiana participates in a Simple IRA Retirement Plan administered by Edward Jones. The plan covers employees who are reasonably expected to earn five thousand dollars in compensation for the calendar year. The Village will contribute a matching contribution of 3 percent of each employee's annual income. Retirement expense for the year ended June 30, 2003 was \$3,064 for the General Fund and \$706 for the Utility Fund.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

10. Other Post-Retirement Benefits

All of the Village of Albany's employees participate in the Federal Social Security Program. The Village's contributions for the year ended June 30, 2003, were \$10,568 for General Fund employees and \$5,117 for the Enterprise Fund employees. Future deficits in the system will be financed by the United States Government, and the Village has no further liability in the system. Data concerning the actuarial status of the system is not available.

11. Accounts, Salaries, and Other Payables

The payables of \$38,791 at June 30, 2003 are as follows:

<u>Accrued Expenses</u>	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Accounts	\$ 5,169	\$ -	\$ 23,016	\$ 28,185
Payroll Taxes	4,709	-	-	4,709
Accrued Vacation	1,796	-	623	2,419
Sales Tax	-	-	721	721
Retirement	1,477	-	-	1,477
Construction Payable	-	1,280	-	1,280
Total Accrued Expenses	<u>\$ 13,151</u>	<u>\$ 1,280</u>	<u>\$ 24,360</u>	<u>\$ 38,791</u>

12. Leases

The Village entered into a capital lease purchase agreement with Aeration Solutions effective May 2002 to lease purchase an aeration sewer system. The lease is payable in 24 monthly payments of \$675. The cost of the equipment and accumulated depreciation was \$16,200 and \$1,485 respectively at June 30, 2003. At June 30, 2003, the balance of the capital lease was \$8,775. The annual requirements to amortize all outstanding capital lease payments as of June 30, 2003 are as follows:

<u>Fiscal Year</u>	<u>Total</u>
2004	<u>\$ 8,775</u>

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

13. Long-Term Debt

The following is a summary of the long-term obligation transactions for the Village of Albany for the year ended June 30, 2003:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Leases	\$ -	\$ 16,200	\$ 7,425	\$ 8,775
Revenue Bonds	1,316,283	-	29,321	1,286,962
	<u>\$ 1,316,283</u>	<u>\$ 16,200</u>	<u>\$ 36,746</u>	<u>\$ 1,295,737</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2003:

	Current Portion	Long-Term Portion	Total
Capital Leases	\$ 8,775	\$ -	\$ 8,775
Revenue Bonds	30,430	1,256,532	1,286,962
	<u>\$ 39,205</u>	<u>\$ 1,256,532</u>	<u>\$ 1,295,737</u>

As of June 30, 2003, outstanding revenue bond issues are as follows:

	Principal Outstanding
Water System Revenue Bonds - RUS Bonds 91-01: \$523,000 utility bonds sold to Rural Utility Service (RUS) dated 4/4/78, due in annual installments of \$5,000-\$29,000 through August 1, 2017; interest at 5%	\$ 319,000
Water System Revenue Bonds - RUS Bonds 91-02: \$575,000 water revenue bonds sold to Rural Utility Service (RUS) dated 2/25/88, due in annual installments over a 40 year period after the system becomes revenue producing; interest at 5 3/4%	486,887
Sewer System Revenue Bonds - RUS Bonds 92-03: \$455,000 sewer revenue bonds sold to Rural Utility Service (RUS) dated 4/13/93, due in monthly installments of \$2,289 through April 13, 2033; interest at 5 1/4%	413,059
Sewer Sytem Revenue Bonds - RUS Bonds 92-05: \$75,000 sewer revenue bonds sold to Rural Utility Service (RUS) dated 4/13/93, due in monthly installments of \$377 through April 13, 2033; interest at 5 1/4%	68,016
	<u>\$ 1,286,962</u>

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

The annual requirements to amortize outstanding revenue bond issues at June 30, 2003, including interest payments of \$1,071,437 are as follows:

Year Ending June 30	RUS Bonds 91-01	RUS Bonds 91-02	RUS Bonds 92-03	RUS Bonds 92-05	Total
2004	\$ 30,575	\$ 37,277	\$ 27,464	\$ 4,527	\$ 99,843
2005	29,825	37,277	27,464	4,527	99,093
2006	30,050	37,277	27,464	4,527	99,318
2007	30,225	37,277	27,464	4,527	99,493
2008	30,350	37,277	27,464	4,527	99,618
2009-2013	151,875	186,385	137,320	22,635	498,215
2014-2018	169,175	186,385	137,320	22,635	515,515
2019-2023	-	186,385	137,320	22,635	346,340
2024-2028	-	186,385	137,320	22,635	346,340
2029-2033	-	-	132,743	21,881	154,624
	<u>\$ 472,075</u>	<u>\$ 931,925</u>	<u>\$ 819,343</u>	<u>\$ 135,056</u>	<u>\$ 2,358,399</u>

14. Flow of Funds and Restrictions on Use - Utilities Revenues

The voters of the Village of Albany, Louisiana approved the issuance of \$530,000 Utility Revenue Bonds in an election held May 7, 1977. The governing authority adopted a resolution on July 12, 1977, and subsequently amended on August 9, 1977, and January 5, 1978, authorizing issuance of \$523,000 of Utility Revenue Bonds. The proceeds of the bonds are restricted for use in acquiring through purchase, improvement and construction of a waterworks system and subject to the provisions of the above referenced resolutions. In connection with the project, the Village was approved for grants from Rural Utility Service (RUS) of the United States of America in the amount of \$356,500. The Village sold \$523,000 of the authorized bonds to Rural Utility Service. The bonds were issued for forty(40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment.

\$65,000 of the proceeds were used prior to June 30, 1978, to acquire an existing water system and \$842,624 has been used in improvements and additional construction of the new waterworks system. During the fiscal year ended June 30, 1980, the Village received a grant of \$39,977 from the State of Louisiana, Department of Transportation and Development to be used in the project.

A resolution authorizing the issuance of \$575,000 of Water Revenue Bonds of the Village of Albany, Louisiana, State of Louisiana, to acquire and construct improvements and extensions to the waterworks system of the Village was adopted December 14, 1987. The bonds were sold to Rural Utility Service (RUS) and are due in forty(40) annual payments with interest calculated on unpaid principal at a rate of five and three-fourths percent (5 3/4%) per annum. The Village may prepay the whole or any part of the principal amount of any installment at any time in inverse chronological order at the principal amount thereof and accrued interest to the date fixed for prepayment.

A resolution authorizing the issuance of \$530,000 of Sewer Revenue Bonds of the Village of Albany, Louisiana, State of Louisiana, for the improvement and construction of a sewerage system of the Village was adopted October 14, 1991. The bonds were sold to Rural Utility Service (RUS) and are due in monthly installments of \$2,666 for forty(40) years with interest at a rate of five and one-fourth percent (5 1/4%) per annum. The Village may repay the whole or any part of the principal amount at any time. Under the terms of the bond proceeds to the Village, the

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

revenue bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the combined utility system of the Village after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system. These bonds do not constitute an indebtedness or pledge of the general credit of the Village within the meaning of any constitutional or statutory limitation of indebtedness.

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due, and, in addition, a sum equal to one-twelfth (1/12) of the principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the Sinking Funds shall be deposited as Trust Funds and shall be fully sufficient to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payments. As of June 30, 2003, the Sinking Fund was fully funded with a balance of \$58,151.

There shall also be set aside into a "Utility System Bond Reserve Fund" a sum equal to five percent (5%) of the monthly bond payment, or \$418 after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of June 30, 2003, the Reserve Fund was fully funded with a balance of \$151,045.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$485 per month until the balance in this fund amounts to the maximum required by RUS. Money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue-producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for the other bond funds. As of June 30, 2003, the Depreciation and Contingency Fund was fully funded with a balance of \$99,657.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

15. Reserved and Designated Retained Earnings/Fund Balances

Within the General Fund unreserved fund balance, the Village of Albany designated \$22,000 received from the sale of the old town hall, toward the future construction of a community center in Albany.

At June 30, 2003, the proprietary fund had restricted net assets of \$326,084, representing the Village's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

16. Litigation

There is no outstanding litigation as of June 30, 2003.

Village of Albany, Louisiana
Notes to the Financial Statements

As of and for the Year Ended June 30, 2003

17. On-behalf Payments

During the year ended June 30, 2003, the Village had the following on-behalf payments, which were recorded as revenues when received and expenditures when the cost was incurred as required by GASB Statement 24:

State Supplemental Payment, Policemen	\$ 7,200
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Subsequent Events

18. Sidewalk Program

The Village of Albany, Louisiana entered into an agreement with the Department of Transportation and Development that will consist generally of constructing a total of approximately 7,980 feet of concrete sidewalks east along US 190 from Reeves Rd. to its intersection with Hwy. 43 then turning north along Hwy. 43 to the Village limits. The cost of this project will be a joint participation between the Village of Albany, Louisiana and the Federal Highway Administration, with the Village of Albany, Louisiana paying 5 percent of the construction cost and 100 percent of all design and construction engineering costs. The Federal Highway Administration will pay 95 percent of the construction cost, through the Department of Transportation and Development. Phase I of this project was completed during 2001 and Phase II is anticipated to begin during the fourth quarter of 2003. The total estimated project cost of Phase II is \$120,116.

General Fund

To account for the resources traditionally associated with governments which are not required to be accounted for in another fund.

**Required Supplemental Information (Part II) - Budgetary
Comparison Schedule - Major Funds**

Village of Albany, Louisiana

Schedule 1

**Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2003**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
Revenues				
Taxes:				
Sales and Use Taxes	\$ 121,100	\$ 116,400	\$ 128,039	\$ 11,639
Ad Valorem Taxes	23,500	20,800	20,787	(13)
Public Utility Franchise Taxes	28,600	29,400	30,305	905
Licenses and Permits:				
Business Licenses	51,800	56,700	61,598	4,898
Intergovernmental:				
Louisiana Beer Tax Distribution	1,600	1,800	1,671	(129)
State Supplemental Pay	-	7,200	7,200	-
Fines	17,000	7,800	8,257	457
Interest Income	3,300	1,700	1,677	(23)
Miscellaneous	-	-	1,536	1,536
Police Grants	2,000	2,600	2,826	226
Rural Development Grant	15,000	10,000	10,000	-
Other Grants	-	826	800	(26)
Total Revenues	<u>263,900</u>	<u>255,226</u>	<u>274,696</u>	<u>19,470</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 1

**Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2003**

Expenditures	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
General and Administrative:				
Salaries, Mayor and Aldermen	\$ 16,700	\$ 17,000	\$ 16,420	\$ 580
Clerical Salaries	34,100	32,800	33,244	(444)
Advertising	1,000	1,200	1,134	66
Beautification	1,800	900	833	67
Building and Grounds Maintenance	800	400	381	19
Coroner	200	-	100	(100)
Dues, Subscriptions and Meetings	7,200	6,100	10,169	(4,069)
Election	3,000	100	76	24
Gasoline - All Departments	6,100	6,400	5,411	989
Health Insurance	6,300	6,500	6,165	335
Insurance and Bonds	15,900	22,100	13,816	8,284
Janitorial Salary	100	-	52	(52)
Miscellaneous	5,000	3,900	3,861	39
Office Supplies and Postage	3,700	1,900	1,987	(87)
Payroll Taxes - All Departments	12,900	12,700	10,568	2,132
Professional Services	16,500	18,800	19,263	(463)
Retirement	7,000	1,300	1,353	(53)
Summer Youth Salaries	10,300	1,000	886	114
Tax Roll	500	500	465	35
Unemployment Insurance	300	300	308	(8)
Utilities and Telephone	1,600	3,200	3,444	(244)
Workers Compensation	7,500	8,100	7,416	684
Capital Outlay	2,000	-	-	-
Total General and Administrative	<u>160,500</u>	<u>145,200</u>	<u>137,352</u>	<u>7,848</u>
Public Safety:				
Police Department:				
Salaries	76,200	70,000	69,033	967
Salaries - Supplemental Pay	-	7,200	7,200	-
Auto Expense	7,800	9,500	8,962	538
Other Police Expense	6,900	4,200	3,207	993
Prisoner	200	200	189	11
Retirement	-	1,700	1,711	(11)
Supplies	700	200	2,161	(1,961)
Capital Outlay	5,000	1,900	1,863	37
Total Police Department	<u>96,800</u>	<u>94,900</u>	<u>94,326</u>	<u>574</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 1

**Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2003**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
	Budget	Budget	Budgetary	Favorable
			Basis	(Unfavorable)
Street Department:				
Dump Truck	\$ 500	\$ 200	\$ 380	\$ (180)
Electricity	11,600	12,200	12,255	(55)
Material & Supplies	2,300	1,700	2,599	(899)
Sanitation Collection Fee	900	1,000	986	14
Other Street Expense	10,600	3,500	3,441	59
Capital Outlay Street	8,900	-	-	-
Total Street Department	34,800	18,600	19,661	(1,061)
Total Expenditures	292,100	258,700	251,339	7,361
Excess Revenues (Expenditures)	(28,200)	(3,474)	23,357	26,831
Other Financing Sources (Uses)				
Operating Transfers (Out) In	-	(10,000)	(10,000)	-
Gain on Sale of Capital Asset	3,800	-	-	-
Total Other Financing Sources (Uses)	3,800	(10,000)	(10,000)	-
Excess (Deficiency) Revenues Over				
Expenditures and Other Uses	(24,400)	(13,474)	13,357	26,831
Fund Balance, Beginning of Year	139,003	154,541	154,541	-
Fund Balance, End of Year	\$ 114,603	\$ 141,067	\$ 167,898	\$ 26,831

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 2

**Budgetary Comparison Schedule
Capital Project Fund
For the Year Ended June 30, 2003**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
	Budget	Budget	Budgetary	Favorable
			Basis	(Unfavorable)
Revenues				
Sidewalk Project Grant Revenue	\$ 25,000	\$ -	\$ -	\$ -
2002 LCDBG Grant Revenue	-	62,660	62,660	-
Total Revenues	25,000	62,660	62,660	-
Expenditures				
Sidewalk Project Grant Expense	25,000	-	-	-
2002 LCDBG Grant Expense	-	62,660	62,660	-
	25,000	62,660	62,660	-
Excess Revenues (Expenditures)	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these statements.

Other Supplemental Information

Proprietary Fund Enterprise Fund

To account for the provision of water and sewer service to customers and residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

Village of Albany, Louisiana

Schedule 3

Comparative Schedule of Net Assets
Proprietary Fund
June 30, 2003 and 2002

Assets

	Enterprise Fund	
	2003	2002
Current Assets:		
Cash & Cash Equivalents	\$ 162,727	\$ 218,098
Accounts Receivable, Net	42,968	36,469
Due From Other Funds	81	-
Total Current Assets	<u>205,776</u>	<u>254,567</u>
Restricted Cash and Cash Equivalents:		
Bond and Interest Redemption Fund	58,151	52,248
Bond Reserve Fund	151,045	141,965
Bond Depreciation and Contingency Fund	99,657	93,352
Customer Deposits	79,786	74,543
Total Restricted Assets	<u>388,639</u>	<u>362,108</u>
Property, Plant, and Equipment		
Land	50,429	50,429
Buildings	34,730	34,730
Utility Plant, in Service	4,155,791	4,035,541
Construction in Progress	-	78,011
Vehicles	22,274	22,274
Office Equipment	42,551	42,551
Machinery and Equipment	54,389	54,389
Accumulated Depreciation	(1,483,790)	(1,364,189)
Net Property, Plant, and Equipment	<u>2,876,374</u>	<u>2,953,736</u>
Total Assets	<u>3,470,789</u>	<u>3,570,411</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 3

Comparative Schedule of Net Assets
Proprietary Fund
June 30, 2003 and 2002

Liabilities	Enterprise Fund	
	2003	2002
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 23,016	\$ 10,107
Accrued Vacation Payable	623	623
Other Accrued Expenses	721	2,056
Construction Payable	-	52,644
Due to Other Funds	20,252	12,847
Revenue Bonds Payable	30,430	28,560
Capital Lease Payable	8,775	-
Total Current Liabilities (Payable From Current Assets)	<u>83,817</u>	<u>106,837</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits Payable	<u>62,555</u>	<u>56,890</u>
Total Current Liabilities (Payable From Restricted Assets)	<u>62,555</u>	<u>56,890</u>
Long-Term Liabilities:		
Revenue Bonds Payable	<u>1,256,532</u>	<u>1,287,723</u>
Total Long-Term Liabilities	<u>1,256,532</u>	<u>1,287,723</u>
Total Liabilities	<u>1,402,904</u>	<u>1,451,450</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,580,637	1,584,809
Restricted for Debt Service	326,084	305,218
Unrestricted	<u>161,164</u>	<u>228,934</u>
Total Net Assets	<u>\$ 2,067,885</u>	<u>\$ 2,118,961</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 4

Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Proprietary Fund
For the Year Ended June 30, 2003

	Enterprise Fund			
	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Revenues				
Water Revenues:				
Water Sales	\$ 267,800	\$ 272,702	\$ 4,902	\$ 244,714
Service Connections	16,800	16,922	122	13,158
Penalties	7,700	7,890	190	7,735
DHH Fee	900	1,512	612	200
Other Operating Income	-	-	-	1,903
Total Water Revenues	<u>293,200</u>	<u>299,026</u>	<u>5,826</u>	<u>267,710</u>
Sewer Revenues:				
Sewer Charges	78,800	83,002	4,202	71,753
Service Connections	5,400	4,921	(479)	1,800
Total Sewer Revenues	<u>84,200</u>	<u>87,923</u>	<u>3,723</u>	<u>73,553</u>
Total Operating Revenues	<u>377,400</u>	<u>386,949</u>	<u>9,549</u>	<u>341,263</u>
Operating Expenses				
Salaries	70,200	72,273	(2,073)	60,825
Advertising	100	104	(4)	331
Bad Debt Expense	2,100	1,892	208	166
Computer Expense	100	126	(26)	484
Contract Services	14,500	18,287	(3,787)	10,593
Depreciation	120,000	119,601	399	114,611
Education/Certification	500	432	68	126
Insurance	11,500	17,448	(5,948)	16,690
Janitorial Services	6,200	5,911	289	4,879
Maintenance Materials	28,600	21,677	6,923	23,274
Maintenance - Water Tank	13,900	10,427	3,473	-
Meter Reading	5,500	5,569	(69)	5,227
Miscellaneous	300	248	52	845
Office Supplies and Expense	8,700	8,696	4	7,358
Payroll Taxes	5,100	5,117	(17)	4,653
Per diem	3,200	3,200	-	2,850
Postage	4,400	4,349	51	3,823
Professional Services	19,900	20,122	(222)	14,993
Repairs & Maintenance	7,400	18,850	(11,450)	28,331

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 4

Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Proprietary Fund
For the Year Ended June 30, 2003

	Enterprise Fund			
	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Retirement	\$ 800	\$ 706	\$ 94	\$ 684
Truck Expense	5,800	5,994	(194)	8,051
Uniform Rental	1,700	1,625	75	1,776
Utilities- Telephone	8,400	8,064	336	8,465
Utilities- Gas	1,100	1,043	57	875
Utilities- Electricity	31,000	32,108	(1,108)	24,770
Total Operating Expenses	371,000	383,869	(12,869)	344,680
Operating Income (Loss)	6,400	3,080	(3,320)	(3,417)
Nonoperating Revenues (Expenses)				
Interest Income	6,200	6,090	(110)	12,507
Bond Interest Expense	(68,500)	(70,246)	(1,746)	(71,732)
Operating Transfer In	10,000	10,000	-	-
Gain on Sale of Fixed Assets	-	-	-	2,400
Total Nonoperating Revenues (Expenses)	(52,300)	(54,156)	(1,856)	(56,825)
Net Income (Loss)	\$ (45,900)	\$ (51,076)	\$ (5,176)	\$ (60,242)

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 5

**Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Water Department
For the Year Ended June 30, 2003**

	Water Fund			2002
	2003		Variance Favorable (Unfavorable)	
	Budget	Actual		
Operating Revenues - Water				
Water Sales	\$ 267,800	\$ 272,702	\$ 4,902	\$ 244,714
Service Connections	16,800	16,922	122	13,158
Penalties	7,700	7,890	190	7,735
DHH Fee	900	1,512	612	200
Other Operating Income	-	-	-	1,903
Total Operating Revenues - Water	293,200	299,026	5,826	267,710
Operating Expenses - Water				
Salaries	39,700	42,118	(2,418)	40,761
Advertising	100	104	(4)	331
Bad Debt Expense	2,100	1,892	208	166
Computer Expense	100	126	(26)	484
Contract Services	13,000	10,853	2,147	9,520
Depreciation	36,000	37,009	(1,009)	33,722
Education/Certification	500	432	68	126
Insurance	8,000	10,984	(2,984)	10,569
Janitorial Service	6,200	5,911	289	4,879
Maintenance Materials	16,000	16,907	(907)	19,400
Maintenance Water Tank	13,900	10,427	3,473	-
Meter Reading	5,500	5,569	(69)	5,227
Miscellaneous	100	48	52	605
Office Supplies	8,700	8,696	4	7,358
Payroll Taxes	3,200	3,269	(69)	3,119
Per diem	3,200	3,200	-	2,850
Postage	4,400	4,349	51	3,823
Professional Services	9,800	9,849	(49)	9,033
Repairs & Maintenance	2,600	11,008	(8,408)	8,861
Retirement	400	353	47	342
Truck Expense	5,800	5,994	(194)	8,051
Uniform Rental	1,700	1,625	75	1,776
Utilities - Telephone	8,400	8,064	336	8,465
Utilities - Gas	1,100	1,043	57	875
Utilities - Electricity Office	4,400	4,170	230	4,400
Utilities - Electricity Well	11,800	13,170	(1,370)	12,365
Total Operating Expenses - Water	206,700	217,170	(10,470)	197,108

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 5

Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Water Department
For the Year Ended June 30, 2003

	Water Fund			
	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Income - Water	\$ 86,500	\$ 81,856	\$ (4,644)	\$ 70,602
Nonoperating Revenues (Expenses) - Water				
Interest Income	3,100	3,045	(55)	6,265
Bond Interest Expense	(41,500)	(44,801)	(3,301)	(45,953)
Operating Transfer In	10,000	10,000	-	-
Gain on Sale of Fixed Asset	-	-	-	2,400
Total Nonoperating Revenues (Expenses)	(28,400)	(31,756)	(3,356)	(37,288)
Net Income - Water	\$ 58,100	\$ 50,100	\$ (8,000)	\$ 33,314

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 6

Schedule of Revenues and Expenses
Budget (GAAP Basis) and Actual - Sewer Department
For the Year Ended June 30, 2003

	Sewer Fund			2002
	2003		Variance	
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues - Sewer				
Sewer Charges	\$ 78,800	\$ 83,002	\$ 4,202	\$ 71,753
Service Connections	5,400	4,921	(479)	1,800
Total Operating Revenues - Sewer	<u>84,200</u>	<u>87,923</u>	<u>3,723</u>	<u>73,553</u>
Operating Expenses - Sewer				
Salaries	30,500	30,155	345	20,064
Contract Services	1,500	7,434	(5,934)	1,073
Depreciation	84,000	82,592	1,408	80,889
Insurance	3,500	6,464	(2,964)	6,121
Maintenance Materials	12,600	4,770	7,830	3,874
Miscellaneous	200	200	-	240
Payroll Taxes	1,900	1,848	52	1,534
Professional Services	10,100	10,273	(173)	5,960
Repairs & Maintenance	4,800	7,842	(3,042)	19,470
Retirement	400	353	47	342
Utilities	14,800	14,768	32	8,005
Total Operating Expenses - Sewer	<u>164,300</u>	<u>166,699</u>	<u>(2,399)</u>	<u>147,572</u>
Operating Income (Loss) - Sewer	<u>(80,100)</u>	<u>(78,776)</u>	<u>1,324</u>	<u>(74,019)</u>
Nonoperating Revenues (Expenses) - Sewer				
Interest Income	3,100	3,045	(55)	6,242
Bond Interest Expense	(27,000)	(25,445)	1,555	(25,779)
Total Nonoperating Revenues (Expenses)	<u>(23,900)</u>	<u>(22,400)</u>	<u>1,500</u>	<u>(19,537)</u>
Net Income (Loss) - Sewer	<u>\$ (104,000)</u>	<u>\$ (101,176)</u>	<u>\$ 2,824</u>	<u>\$ (93,556)</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 7

Schedule of Cash Flows
Proprietary Fund
For the Years Ended June 30, 2003 and 2002

	Enterprise Fund	
	2003	2002
Cash Flows From Operating Activities		
Received From Customers	\$ 380,450	\$ 342,374
Received for Meter Deposit Fees	5,665	4,325
Receipt for Sale of Fixed Assets	-	2,400
Other Receipts	-	1,903
Receipts (Payments) for Interfund Services	7,305	(32,524)
Payments for Operations	(225,888)	(164,533)
Payments to Employees	(79,431)	(65,808)
Net Cash Provided (Used) by Operating Activities	<u>88,101</u>	<u>88,137</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	<u>10,000</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>10,000</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds From Capital Lease	16,200	-
Paid for Capital Acquisitions	(42,239)	(115,104)
Principal Repayments, Revenue Bonds Payable	(29,321)	(27,511)
Principal Repayments, Capital Lease Payable	(7,425)	-
Interest Payments - Revenue Bonds Payable	(70,246)	(71,732)
Net Cash Used by Capital and Related Financing Activities	<u>(133,031)</u>	<u>(214,347)</u>
Cash Flows From Investing Activities		
Receipt of Interest	<u>6,090</u>	<u>12,507</u>
Net Cash Provided (Used) by Investing Activities	<u>6,090</u>	<u>12,507</u>
Net Increase (Decrease) in Cash	(28,840)	(113,703)
Cash, Beginning of Year	<u>580,206</u>	<u>693,909</u>
Cash, End of Year	<u>\$ 551,366</u>	<u>\$ 580,206</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 7

Schedule of Cash Flows
Proprietary Fund
For the Years Ended June 30, 2003 and 2002

	Enterprise Fund	
	2003	2002
Reconciliation of Net Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 3,080	\$ (3,417)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	119,601	114,611
Change in Accounts Receivable	(6,499)	3,014
Change in Accounts Payable	12,928	454
Change in Accrued Expenses	(1,335)	(726)
Change in Due to Other Funds	7,405	(32,524)
Change in Due From Other Funds	(100)	-
Change in Construction Payable	(52,644)	-
Change in Customer Deposits	5,665	4,325
Change in Gain on Sale of Fixed Assets	-	2,400
Net Cash Provided (Used) by Operating Activities	<u>\$ 88,101</u>	<u>\$ 88,137</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 8

Comparative Schedule of Changes in Assets Restricted for RUS Debt Service
Proprietary Fund
Years Ended June 30, 2003 and 2002

	2003			
	Bond and Interest Redemption	Bond Reserve Fund	Depreciation & Contingency Fund	Total
Balance, Beginning of Year	\$ 52,248	\$ 141,965	\$ 93,352	\$ 287,565
Receipts	73,480	9,080	6,305	88,865
Disbursements	(67,577)	-	-	(67,577)
Balance, End of Year	<u>\$ 58,151</u>	<u>\$ 151,045</u>	<u>\$ 99,657</u>	<u>\$ 308,853</u>

	2002			
	Bond and Interest Redemption	Bond Reserve Fund	Depreciation & Contingency Fund	Total
Balance, Beginning of Year	\$ 57,325	\$ 155,183	\$ 88,017	\$ 300,525
Receipts	62,175	11,782	5,335	79,292
Disbursements	(67,252)	(25,000)	-	(92,252)
Balance, End of Year	<u>\$ 52,248</u>	<u>\$ 141,965</u>	<u>\$ 93,352</u>	<u>\$ 287,565</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 9

Utility Rate Schedule
Proprietary Fund
June 30, 2003

Water Rates

Residential Inside City Limits:

\$11.50 per month for the first 2,500 gallons
\$1.30 per thousand or part thereof for the next 2,000 gallons
\$1.00 per thousand or part thereof for the next 6,000 gallons
\$.80 per thousand or part thereof for over 10,000 gallons

Residential Outside City Limits:

\$13.50 per month for the first 2,500 gallons
\$1.30 per thousand or part thereof for the next 2,000 gallons
\$1.00 per thousand or part thereof for the next 6,000 gallons
\$.80 per thousand or part thereof for over 10,000 gallons

Commercial:

\$25.00 per month for the first 10,000 gallons
\$.80 per thousand or part thereof over 10,000 gallons

Sewer Rates

Residential:

\$18.00 per month plus \$.80 per thousand gallons

Commercial:

\$20.00 per month plus \$.80 per thousand gallons

Schedule of Water and Sewer Customers
Proprietary Fund
June 30, 2003

Water Customers

Residential	1,204
Commercial	33
Total	<u>1,237</u>

Sewer Customers

Residential	303
Commercial	15
Total	<u>318</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 10

Schedule of Insurance
Year Ended June 30, 2003

Insurance Company	Coverage	Amount	Period
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Commercial General Liability	\$ 2,000,000	07/17/02 - 07/17/03
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Errors or Omissions: Public Officials Liability Law Enforcement Liability	\$ 2,000,000	07/17/02 - 07/17/03
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Business Auto Policy Liability (Comprehensive & Collision coverage as scheduled)	\$ 2,000,000	07/17/02 - 07/17/03
St. Paul Fire and Marine Insurance Company Policy Number GP09305587	Commercial Property(as scheduled) Inland Marine	\$ 373,250 46,000	07/17/02 - 07/17/03
Risk Management, Inc. Policy Number 015300	Workers' Compensation	\$ Statutory Limits	07/17/02 - 07/17/03
Western Surety Company Policy Number 01507681	Fidelity Bond	\$ 5,000	10/15/02 - 10/15/03
Western Surety Company Policy Number 01628690	Right of Way Bond	\$ 7,220	04/15/03 - 04/15/04
Western Surety Company Policy Number 18143978	Fidelity Bond	\$200,000	02/13/03 - 02/13/04

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 11

Schedule of Per Diem Payments
Year Ended June 30, 2003

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>Total Salaries and Fees Received</u>
Thomas Stewart, Mayor Post Office Box 1346 Albany, LA 70711 225-567-2714	\$ 7,240
Lloyd Martin, Alderman Post Office Box 146 Albany, LA 70711 225-567-2093	3,060
Gene Glasscock, Alderman Post Office Box 89 Albany, LA 70711 225-567-9486	3,060
Edmond Harris, Alderman Post Office Box 105 Albany, LA 70711 225-567-3133	3,060
	<u>\$ 16,420</u>

The accompanying notes are an integral part of these statements.

Village of Albany, Louisiana

Schedule 12

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

No section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

Reference Number 2002-F1

Fiscal Year Finding Initially Occurred: June 30, 2002

Description of Finding:

In the prior year we noted the Village was in noncompliance with the Rural Utilities Service (RUS) revenue bond restrictions requiring adequate rates for sewer services. The bond agreement requires that the Village fix and maintain rates and collect charges for all services and facilities to be rendered by the system sufficient to provide for the payment of the reasonable and necessary expenses of operating the system, to provide for bond principal and interest payments and all other debt obligations, to provide for a reserve fund, and to provide a depreciation and contingency fund to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly.

We recommended the following:

Review the current rate structure for sewer to determine the rate increase required. Based on review of current revenues and debt requirements, a minimum rate increase of six dollars per customer is recommended. This rate increase should provide sufficient cash flow for the Village to fund debt service requirements, although the Village will continue to show a net loss after recording approximately \$81,000 in depreciation expense per year.

Planned Corrective Action: We will review the current operation of the sewer system to determine the level of rate increase that is feasible.

Corrective Action Taken: Partial

Planned Corrective Action/Partial Corrective Action Taken: The Village of Albany raised sewer rates by \$6 per customer and water rates by \$2 per customer. The increase in rates took effect in February 2003. This corrective action is listed as partial since the Sewer system operations showed a net loss of \$101,176, for the fiscal year ending June 30, 2003, as compared to a net loss of \$93,556 for the prior fiscal year ending June 30, 2002. Unrestricted net assets at June 30, 2003 totaled \$161,164, decreasing \$67,770 from the prior fiscal year. Water system operations continue to show a positive income of \$50,100 for the fiscal year ending June 30, 2003.

Section III - Management Letter

No section III findings.

Village of Albany, Louisiana

Schedule 13

**Corrective Action Plan for Current Year Audit Findings
Year Ended June 30, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

No section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

No section II findings.

Section III - Management Letter

No section III findings.

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Warren A. Wool, CPA

Dale H. Jones, CPA

Charles P. Hebert, CPA

James D. Rabalais, CPA

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor Thomas Stewart
and Members of the Board of Aldermen
Village of Albany, Louisiana

We have audited the basic financial statements of the Village of Albany, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Albany, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Governmental Auditing Standards*, which is described in the accompanying Summary Schedule of Prior Year Auditing Findings as Item 2002-F1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Albany, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

The Honorable Mayor Thomas Stewart
and Members of the Board of Aldermen
Village of Albany, Louisiana

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This report is intended for the information of the management of the Village of Albany, Louisiana, the Legislative Auditor, and the cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Bruce Harrell & Co." in a cursive script.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

September 26, 2003